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Four Trends that Affect Public Higher Education

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National Center for the Study of Collective Bargaining in Higher Education and the Professions, 35th National Conference

Congratulations on your 35th national conference, a remarkable accomplishment that speaks to the center's important role in moving forward our conversations about collective bargaining. I had the honor of addressing this conference in 2000, when I was asked to share a vision for CUNY. At that time, I spoke about the growing competition universities would face in the coming years—from one another, but also from for-profit entrepreneurs and institutions exploiting what were then considered new technologies.

Today, eight years later, what I see is that universities—particularly public universities—face a more competitive environment than ever before. In 2008, public universities, entrusted with the same important public mission that they have always had, are challenged to meet that mission in a very different marketplace. I refer not simply to what is happening in Albany, for those of us here in New York, but to what is happening nationally and globally.

This year's conference theme is "New Models," and in that spirit, I'd like to offer four trends that push us to rethink established models of public higher education, and discuss how those trends will affect our futures and our collective bargaining.

First and perhaps foremost, there has been a steady decline in state support of public higher education. This, as you all know, is not a new development. But it is a reality shaping everything about public universities. Nationwide, between 1980 and 2000, the share of universities' operating expenses paid for by state tax dollars was cut by 30%. My friend Jim Duderstadt, former president of the University of Michigan, said it this way: "We used to be state-supported, then state-assisted, and now we are state-located." Some might feel that as time goes on, we are in danger of becoming state-assaulted.

In "Equity and Excellence in American Higher Education," published few years ago, Bill Bowen, former president of Princeton, and his co-authors cite a Brookings Institution study indicating that spending

per FTE student has declined at public institutions relative to private institutions, from about 70% in 1977 to about 58% in 1996. Recent experience shows that the derivative continues to be negative.

The result is a redefinition of the relationship between a university and its traditional patrons. Tuition and private donations constitute a larger piece of the revenue pie for public universities. At the same time, the historic role that public universities play in educating students from all socio-economic backgrounds is more important than ever, a point I will return to and expand on later. Public universities are being stretched, and all have become more entrepreneurial in order to maintain their responsiveness.

The second trend is that private universities and many of the leading public universities have large and growing endowments, and the gap between the endowments of those schools and all the others is widening. In this country, a distinct set of institutions is very wealthy, and their ability to invest in students and faculty is growing well beyond that of other institutions. The Chronicle of Higher Education's 2006 analysis of data from the federal government and from the National Association of College and University Business Officers reported that: "In the past 10 years, endowment assets per student at the richest baccalaureate institutions grew by nearly \$127,000, an amount more than 10 times greater than the growth among the bottom quartile, where assets increased by only \$8,600." As several people, including those at the Cornell Higher Education Research Institute, have pointed out, wealthy institutions tend to raise more money, put more of that money into endowments, spend a smaller portion of the endowment, and then take more risks in investing, thus reaping more rewards. Let there be no mistake about the importance of endowment income to support higher education.

This development is connected to my first point, about declining public support for public institutions. The Brookings Institution study I noted earlier suggests that decreases in public spending on public universities—and simultaneously, I would argue, the increases to endowments at private universities—have significant consequences, such as:

* Many public universities are losing ground in national rankings to the private schools and leading public institutions—places like the University of Michigan (Ann Arbor), the University of Texas (Austin), the University of Virginia (Charlottesville), the University of North Carolina

(Chapel Hill), and many of the UC campuses: Berkeley, UCLA, San Francisco.

- * Faculty salaries at public universities declining relative to those at privates
- * Further reliance on part-time faculty
- * A widening gap in student-teacher ratios between private and public institutions.

Exacerbating these consequences is a third trend. There will soon be a huge loss of faculty credentialed in the mid- to late-'60s. According to the National Study of Postsecondary Faculty, the percentage of faculty age 55 and older has grown from 24% in 1987 to almost 35% in 2003. (Closer to home, in Fall 2006, CUNY faculty were on average 2.8 years older than their national peers, with almost 48% age 55 or older.) Of the full-time faculty who responded to the survey, 30% said that they would probably retire in the next 10 years.

At the same time, enrollment in higher education is expected to increase—NCES projects a 12.6% increase over the next 8 to 9 years. Combine increasing retirements with growing enrollments, and you get a substantial demand for new faculty. It is difficult to determine if the supply of new doctorates will meet this demand. One of the results, I believe, will be an intensification of contentious “bidding wars” among universities for top-notch faculty in their quest to remain vibrant.

One way to smooth the pathway is to better understand the psychological and economic needs of our very senior faculty. Medical advances have resulted in members of our profession living longer and more actively. Further, so many faculty approaching retirement want to continue in their professional roles, but in redefined ways. Converting their positions to half-time would allow them to continue their scholarly work while allowing the university to hire junior faculty and/or bring two adjuncts to full-time status.

The fourth and final trend is that our “innovation economy” requires renewed attention to the need to educate our citizens—every citizen—to the highest level possible. You’ve heard this before: we find ourselves in a very different world than the one in which many of us grew up—whether we call it the innovation age, the knowledge economy, or the flat world. Whatever moniker we use, we know that our

students face competition that cuts across every geographic boundary, is technologically and culturally savvy, and moves at an unrelenting pace.

Unfortunately, too many of our young people are falling behind that competition. Too few students are earning the advanced degrees they need to be participants in this global economy. The Economist magazine has pointed out that, “[t]he proportion of American workers doing jobs that call for complex skills has grown three times as fast as employment in general.” Without an education that prepares them to perform fluidly and creatively in technology, science, and communication, our students will face a punishing future.

The gaps we see now will only widen. Today, college degree attainment is higher for those ages 45 to 54 than it is for those ages 25 to 34. That is, the younger generation, which sorely needs advanced skills, is less educated. As another Brookings Institution study recently pointed out, this has devastating consequences when it comes to economic mobility. The widening gaps in education levels between rich and poor, and between whites/Asians and blacks/Hispanics, have made it far more difficult for those in the poor- and middle-classes without a college degree to become upwardly mobile. There is no question: a college degree remains an extremely powerful tool in improving one’s station in life. Yet only 11% of children from the lowest fifth of earners earn a college degree, while more than half of the children from the top fifth do.

Across the globe, other countries are seriously investing in their public higher education systems. They are succeeding in producing many science and engineering graduates over the last quarter century, which is so critical in this innovation age. The United States is not keeping pace. The American Association of State Colleges and Universities points out that countries from South Korea to Sweden, Canada to Belgium, are educating students to higher levels than previous generations, and at a higher rate than we are. Whether Down Under or northern Europe, in East Asia or the Middle East, these countries realize that their success depends on how well they prepare students with rigor, accountability, and a sense

of currency. Meanwhile, in the United States, we are seeing a retreat from investment in public higher education.

So, given all these changes, what can we expect? Probably more of what we're already seeing:

- * reconsideration of the role of government in public education as the proportion of its support declines;
- * a need to attract even more private dollars to public institutions to support the increasing number of students for whom a college degree is a necessity;
- * growing competition among institutions to recruit and retain the best faculty;
- * the urgent need to rethink the role of faculty in our colleges and universities and the relationships among universities.

Let me briefly talk about two areas through which we are addressing, and will continue to address, these trends. First, most public universities have rethought the financing of their institutions. Simply holding out our hands to the state is no longer a viable strategy; on the other hand, given the undeniable need for a well-educated citizenry, the public responsibility for public higher education can not be overlooked. At CUNY, we introduced a new funding model called the "Compact" a few years ago, as one response to this reality. The Compact suggests that we view funding as a shared responsibility among a university's partners, and that we recognize the need to invest in institutions—that is, not simply fund a university's minimal needs but invest in building universities capable of moving a state and a nation forward.

The CUNY Compact called on the University's stakeholders—including government; alumni, friends, and donors; students; and the university itself—to help make that investment. We asked the state and the city to fully fund the University's mandatory operating needs as well as a percentage of the funding for its new academic initiatives: this includes hiring more full-time faculty and counseling staff, and improving our laboratories. The remainder of the funding for these initiatives comes from private donations, from the University itself (using productivity and efficiency measures), and students, in the form of modest tuition increases. A key part of the Compact is the recognition that students in public institutions

are often hit with large and sudden tuition increases when they can least afford it, such as during economic downturns. Smaller, planned increases, not to exceed an index such as the Higher Education Price Index, would offer a degree of predictability to students and their families, and there's comfort in knowing that the additional tuition dollars would go only toward academic initiatives.

Like CUNY, most public universities have had to reconsider their financing structures in creative ways. This has been a key issue for the New York State Commission on Higher Education, of which I am a member. The 30-member commission, appointed last year, released its preliminary report in December. A major recommendation was the adoption of a statewide compact for public higher education based on the CUNY Compact. The commissioners, drawn from government, business, labor, education, and other sectors, were in agreement that there is an urgent need for serious investment in public institutions.

The trends I outlined earlier may also have an impact on collective bargaining, particularly in the area of faculty recruitment. As the need for additional faculty grows, and as the leading public and private institutions continue to build resources for faculty compensation, recruitment will become more competitive. Public universities must be poised to meet that challenge. Flexibility, nimbleness, continuous investment, and performance rewards will and should be the way universities operate. Those that don't will undoubtedly be left behind.

At CUNY, we have been working over the last several years to build the University's academic reputation and its research capacity. At the same time, we are firm about maintaining CUNY's historic promise to offer true opportunity to every student, even as those students and their needs multiply. These efforts depend on a talented, productive faculty. Like so many of its national counterparts, CUNY simply must foster its ability to recruit competitively.

In January, we hired, for the first time, a vice chancellor for labor relations. The position was created specifically to address the importance of collective bargaining and to enable the bargaining process to operate more efficiently. Our new vice chancellor is here this morning; Pam Silverblatt worked most

recently in the New York City Mayor's Office of Labor Relations, representing the mayor in labor relations matters, and we are delighted that she has joined CUNY.

Some recruitment issues may fall within the collective bargaining process; others may not. What is clear, however, is that these issues will only intensify as competition intensifies; this is particularly true for faculty coming to work in New York City. It starts, most significantly, with salary and workload issues, then grows. Where will faculty live, and how will they afford this daunting real-estate market? Where will their children go to school? Can they find and afford adequate child care? Do their spouses or partners need employment? These are serious concerns, and they have become more urgent as the University looks to compete for the best faculty. Public institutions like CUNY will have to meet these challenges creatively—most likely with help from private funding and from agreements reached through collective bargaining that respond to the needs of a modern, competitive university.

I know that these are also issues that you will be considering throughout this conference, and in conversations within your institutions and colleagues across the country. I am confident that, working together, we can create new models that will enable public institutions to maintain their prominence and ability to set the standard for teaching and research. Surely this goal is a starting place for any discussion, and I appreciate the center's work—and your individual work—in moving that conversation forward.